

ONLINE ENGAGEMENT

Return on investment depends on the tactics

The Animal Legal Defense Fund (ALDF) in Cotati, Calif., uses an online engagement system for most of its engagement, except for social media. “Any nonprofit needs a way to email constituents,” said Online Editor Ian Elwood. “It’s an old tool but a crucial tool.”

The organization launched a campaign last summer to get constituents concerned about dogs in hot cars. “It was important we had a strong email list built up and regularly engaged (with recipients) in the past,” said Elwood. While the campaign came to life on Facebook, it was born in email. A Facebook post for the campaign reached 43 million people and was shared 1.3 million times.

“The reason it was so successful is we built up our email list and had good timing,” said Elwood. “We sent out an action alert to supporters, about 150,000 on that list, and sent them to a landing page that had all the instructions in the campaign. We provided graphics to share and PDF printouts, also on that same landing page. If the 150,000 who received that email shared the post, they’d be directed to Facebook and Twitter to drive more traffic. It was a way of doubling down on the success.”

Online engagement can be a mystery. Research firm Campbell Rinker administered a survey to subscribers of *The NonProfit Times* to tease out reader’s knowledge of online engagement systems (OES) and if nonprofit managers really know the difference in capabilities.

The 509 qualified respondents were asked which types of software they use for online engagement, how specialized it is, what they do with it and its impact on the organization’s bottom line. Part 1 of the survey results appeared in *The NonProfit Times* July 1, 2015 issue.

A sweepstakes was used to minimize non-response bias during fielding. Data were weighted by Campbell Rinker to more accurately reflect the proportions of U.S. nonprofits by revenue amount, according to figures reported on federal Forms 990 during the past two years and available from the National Center for Charitable Statistics (NCCS). Data were found to closely match nonprofit sector proportions reported by NCCS both before and after weighting.

The study generated a margin of error of ± 4.3 percent, at a confidence level of 95 percent, meaning results within the margin of error are likely to be replicated by a similar study 19 in 20 times.

The study was funded by technology firm Salsa Labs. The firm’s expertise was used for crafting the survey tool. However, the firm did not participate in the analysis used for this two-part story nor did anyone at the firm see the stories before they were run in *The NonProfit Times*.

Among mid-size organizations (\$1-\$10 million in annual revenue), the study results showed utilization of various tactics in some cases goes up. The jump in utilization usually rises in proportion to the increase in estimated return on investment (ROI) earned by each of those tactics.

There is much better balance among mid-size organizations between the fundraising tactics used and the ROI that accrues from each tactic. The exception appears to be in acquiring new donors online. Nonprofits that do acquire donors online report 12:1 ROI or better, yet only about 40 percent of nonprofits of this size report pursuing online donor acquisition strategies. Other strategies with a similar estimated ROI, such as appealing one-to-one to non-event donors and publishing an online donation page, have an adoption rate of at least 55 percent among mid-size nonprofits.

Things get worse with the largest nonprofits. Even though the proportion of large nonprofits that uses each of these tactics is roughly the same as with mid-size nonprofits, the ROI they earn drops considerably. The one opportunity that seems to reveal itself in this analysis is raising money through team fundraising events, which understandably is a tactic that doesn’t necessarily apply to all organizations.

A majority of respondents said their software lets constituents forward emails, set up recurring donations, share content on social platforms using online forms, receive automated thank you statements, receive email personalized with



donor names and helps to grow the organization’s presence via social media.

On the flip side, most organizations (especially those with individual donor revenue less than \$10 million) cannot vary treatment based on constituent interests, gender or age, personalize emails with gift-specific data, send automated emails based on constituent actions, or augment their constituent data with details gleaned from social media platforms.

Online engagement best practices are “constantly in flux,” said David Gunn, enterprise account executive for Salsa Labs. That’s a good thing, he said. It shows that nonprofits are thinking more deeply about reaching their constituents online.

Online engagement “is more than having a website and sending email,” Gunn said. “It’s about engaging supporters in a way that’s targeted to them.” He reports seeing “Stronger efforts in segmentation and personalization. You have to go beyond ‘Dear First Name.’ You have to know your list and speak directly to them.”

DoSomething.org, a mid-sized organization with about \$8.5 million in revenue, uses email for its online engagement. It also does not solicit donations. Email is used “for marketing and segmenting communications,” said Marah Lindley, director of mobile programs and messaging. “Email is definitely a big part of what drives traffic to our website.” The New York City-based organization has about 1.8 million email addresses.

The organization uses a database to store constituent information. “CRM is a tough word for me,” said Lindley. “Sometimes it means managing data. Sometimes it means storing data. Sometimes it means having a conversation. Sometimes it means all three.” DoSomething is building a more robust database “that will be a backend solution,” Lindley said.

For direct online engagement, DoSomething uses a customer service software for more of a two-way conversation than email is capable of handling. The real interaction happens in text messaging, or short message service (SMS), said Lindley. DoSomething has some 2.4 million members on its SMS list. The organization creates a different, phone-only experience for SMS supporters. “SMS does not drive any traffic to our website because we create an experience that can be done all on your phone,” she said.

Lindley said that every week DoSomething messages its entire list with the option for three different actions: one requiring very little time and effort, one that is a bit more intricate, and one that might require quite a bit of investment. “If you’re at lunch in the middle of the day at school, you won’t have time” to take an action that requires a large commitment, said Lindley, “so we always try to find easier asks.”

While ALDF’s online engagement system is comprehensive, it still takes some elbow grease to marry online with offline. Elwood said the organization’s data on direct mail supporters lives in a separate silo from its OES. It takes an operations staff running weekly reports to reconcile both.

Online communications and engagement “is a strong point for my department,” said Elwood. “But we do have an offline database and other places where information is stored that aren’t all synchronized.” Elwood described a tool that would bring it all together as “the holy grail.”

At least one in five responding nonprofit work-

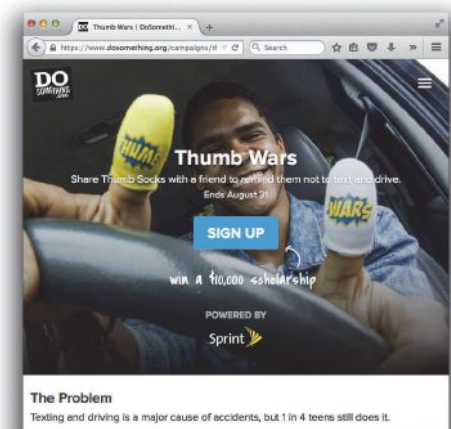
ers are somehow limited from following strategies they would like to pursue -- perhaps by technology or manpower or organizational objectives. These actions often revolve around varying constituent treatment in some way, for instance by constituent age, gender, interests or interaction types.

DoSomething segments its email engagement based on what campaigns constituents have supported in the past. “When users tell us what cause they care about, what celebrities they’re interested in, even where they live, we’re able to send them segmented messaging,” said Lindley.

Despite the fact that a significant percentage of managers at smaller nonprofits say they would like to vary treatment according to the way donors give, just one in 10 groups with less than \$1 million in annual revenue actually manage online donors differently from donors who give by other channels, according to the survey of The NPT readers. Larger nonprofits with \$1 million or more in annual revenue pursue this treatment variation twice as often (20 to 25 percent of the time), but their numbers are still a minority.

“We tend to have different types of users on different platforms,” said Lindley. “Even though we spend tons of time on SMS, we still have users that don’t use SMS at all. Email is a huge chunk of engagement.”

The largest organizations are also about five times more likely to report on or analyze online interactions separately from other channels, according to survey results. A majority of organizations with more than \$10 million of revenue report on these actions separately (56 percent), compared with 33 percent of nonprofits having between \$1 million and \$10 million in annual revenue and 14 percent of those with less than \$1 million in annual revenue.



Larger organizations also produce team fundraising events at twice the rate of smaller organizations, with nearly half the largest nonprofits pursuing this strategy (47 percent) versus 24 percent for those with under \$1 million annual revenue.

Smile Train, a \$98-million, New York City-based organization, has three team fundraising programs. One is a traditional athletic-event-based program, one a program for students, and the third a program for young professionals. Shari Mason, director of integrated marketing, said that collectively the programs have delivered “tens of thousands of smiles (cleft palate surgeries costing on average about \$250).”

There is a generally strong understanding among fundraising practitioners that OES tools provide unique benefits to users, and that they are not the same as other software tools. Only

20 percent of survey respondents believe that donor management systems are the same as online engagement systems, and an even smaller minority (15 percent) of fundraising managers believe that an email tool can do everything an online engagement tool can.

Smile Train uses an all-in-one OES to send emails, store donor and supporter information, and build and host its U.S. and U.K. websites, microsites and landing pages. Efforts are more heavily directed toward engagement than fundraising.

"We like to have asks to share content," said Mason. "That's definitely important and necessary for us as an organization." She said that with Facebook changing its algorithm to give priority to uploaded videos, Smile Train is making a push to create brief, shareable videos telling stories of children's lives after surgery, staff members, and donors describing what the organization means to them. "It's ultimately to have people make donations," she said.

One of the striking survey results is that most fundraising managers at larger organizations (those with \$10 million plus in annual revenue) responded that "online engagement is a complicated process that they would rather leave to others." A majority of 55 percent expressed that view.

In contrast, just four in 10 (39 percent) fundraising managers at organizations with less than \$1 million in revenue hold the same opinion. In other words the larger the organization, the more likely it is that the fundraising manager sees online engagement as complicated and something that they would rather not touch.

While digital efforts make up only about 20 percent of Smile Train's total fundraising, the organization is committed to growing that number. The organization's average donor is 68 years old. "That's why we've tried to branch out to different approaches," said Mason. "We want to onboard younger donors."

She said those efforts have been successful in drawing in Millennials and other younger constituents. "That's an audience we're trying to engage, trying to show them the importance of donating to a charity that's going to improve a child's life," she said. "Maybe they don't have the means to give as much (as traditional donors), but they can be social media advocates" and eventually give more when they're in a better position to do so.

Despite the desire of the majority to push the responsibility elsewhere, about four in 10 respondents across all organization size levels see online engagement as basically a donation form on their website and a way to send mass emails, and nothing more. If that is the case, why is it seen as so daunting?

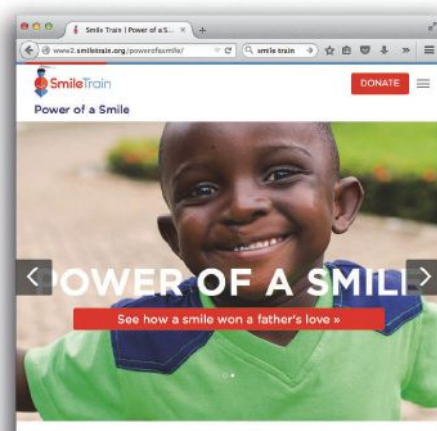
Perhaps the answer lies in the scope of an organization's online engagement. In the context of scope, the perception of complexity among larger organization managers is actually quite realistic.

The survey shows a far more complex online engagement paradigm among larger organizations, given that they present an average of 20 online donation pages to their online constituents. This compares to an average of five donation pages for mid-size organizations (annual revenue between \$1 million and \$10 million) and an average of just 2.5 online donation pages for smaller organizations (less than \$1 million revenue). Managing this exponentially

larger range of access points understandably presents unique challenges and a more nuanced level of insight, oversight and implementation.

Making sure staff knows how to use the tools it has is something that ALDF has taken to heart, said Elwood. "Staff training and upkeep are ongoing," he said. "I often send out office-wide emails to folks with gentle reminders of how to increase effectiveness." He said he recently turned his colleagues on to a way to find free images. "I directed folks to a great tool on Flickr to search through photos tagged with the Creative Commons license," he said.

The average organization with less than \$1 million in annual revenue maintains about 650 unique individual donors overall (with an average 150 or 23 percent being online donors). The average number of donors managed jumps to 6,800 donors for organizations with between \$1



million and \$10 million in annual revenue, and it jumps even further to 343,000 donors on average for organizations of \$10 million or more.

At smaller organizations the proportion of donors who engage online is about 24 percent, compared to 46 percent among mid-sized organizations and 27 percent for the largest organizations. This suggests that a nonprofit that gets to the level of earning a few million dollars annually online has much to gain from a more intentional online engagement strategy.

But the smallest organizations report annual revenue per donor averaging \$500 online, compared with \$206 per online donor for mid-size organizations and just \$21 per online donor for nonprofits of \$10 million or more in revenue. These numbers suggest that smaller nonprofits gain the benefit of a particular sense of passion and involvement from an admittedly smaller online donor base.

The study asked carefully how specific metrics such as retention, click-through rates and overall income have changed between 2013 and 2014 at each responding organization. Generally, the trends noted among respondents tended to be on the positive side, with organizations seeing better results in the past year than they did in previous years.

By way of context, easily half the respondents either manage all or some of the development and/or fundraising functions in their organizations. Just a small proportion of them reported that they simply "work in" the development and/or fundraising department at their organization.

Perhaps more noteworthy than the actual changes reported by respondents is the fact that a broad swath of respondents could not report these metrics. For instance, 50 percent of nonprofit professionals at organizations both large

and small could not identify what their renewal rate was among online donors in 2014.

More than four in 10 donor managers (46 percent) could not identify the number of online constituents that they managed. While this number shrinks to three in 10 for organizations of \$10 million or more in revenue, these proportions are somewhat startling.

Roughly one-third (35 percent) of respondents could not identify their renewal rate among donors overall, including 32 percent of respondents at organizations earning more than \$10 million annually.

A majority of respondents (53 percent) could not say how much a donor is worth to them over time, and nearly two-thirds (64 percent) could not identify the long-term value of donors from online sources.

It also appears that nearly half of donor and fundraising managers do not know their click-through rate among email recipients, their open-through rate among email recipients, or their visit-to-completion ratio on donation forms — all of which are vital metrics for success in the online marketplace and which are commonly accessible through OES software.

The results of this study are compelling and manifold: Smaller organizations could leverage the power of more modern, capable tools to help them manage an online environment, relate better to donors, and raise money more efficiently — a consistent donor benefit.

For their part, fundraising managers at larger organizations could better leverage the tools that many of them already have available, so as to have ready access to metrics and insights that will help them become more efficient and productive overall.

It's not about any specific piece of technology, said Nathan Brewer, vice president of public sector at Sapient Government Services. Technology is a piece, but it's less important than engagement strategy.

"Just like with traditional communications, message development and planning that tie directly to the organization's value is key," Brewer said. "The execution of that messaging in a digital environment then becomes an exercise in determining the best channel for the message and its audience. Not everything that's on Facebook needs to be replicated on Instagram or commented on through Twitter. A direct email campaign to a focused group of ultra-passionate supporters might be fine for one message, but not for another."

It's a case of chicken-and-egg, said Karen Graham, executive director of technology nonprofit Idealware, based in Portland, Maine. "Your engagement strategy to some extent should dictate what tools you use. You want to choose tools that do that best," she said. "But there's also merit in seeing what tools are available and adjusting your strategy to take advantage."

Graham believes in experimentation. "In this instance it translates to have the curiosity to investigate," she said. "Here's this feature our software has, say it can auto-send Tweets to people interested in a certain issue. Why wouldn't you just try that out, see what happens? Maybe it gives your organization a chance to try something new. Maybe it works, maybe it doesn't, but if you experiment, sometimes you'll land on that thing that really pays off." *NPT*

How hot is too hot for a dog?



11 Online Engagement Strategies

Mid-size organizations (revenue between \$1 million and \$10 million) are more likely than their counterparts to pursue the following online engagement strategies:

- Publishing an online donation page
- Appealing for funds via email
- Sending email to donors and others
- Promoting sharing on social media
- Asking people to advocate online for its cause
- Managing online donors differently from other donors
- Helping chapters manage online engagement
- Reporting on or analyzing online interactions separate from other channels
- Appealing to donors one-on-one outside of events
- Producing team fundraising events
- Selling tickets to events online



Return On Investment

Respondents were asked to estimate their organizations return on investment (ROI) from various fundraising activities. Those mid-size organizations estimate significantly greater ROI than other organizations when:

- Acquiring new constituents;
- Appealing for funds via email;
- Publishing online donation pages; and,
- Selling tickets to events online.